

FISCAL NOTE

SB 777 - HB 869

February 24, 2003

SUMMARY OF BILL: Prohibits the sale of beverages in non-returnable containers and requires a deposit on all returnable containers sold in Tennessee.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$4,500,000

Decrease Local Govt. Revenues - Exceeds \$100,000

Other Fiscal Impact - Local governments would no longer receive a distribution of funds from the Department of Transportation for litter control resulting in a decrease in local government revenues and expenditures estimated to be \$4,365,000.

Based on current law, enactment of bottle deposit legislation would cause that portion of the wholesale tax on beer and bottler's gross receipts tax earmarked for litter control to be eliminated.

Estimate assumes:

- The decrease in state revenue includes FY 2004 beer barrelage tax collections earmarked for litter control of \$1,962,000.
- The decrease in state revenue includes FY 2004 earmarked gross receipts tax collections of \$2,403,000.
- The decrease in state sales tax revenue is calculated as $\$4,365,000 \times 7\% = \$305,550$.
- The decrease in local sales tax revenue is calculated as $\$4,365,000 \times 2.4\%$ average local rate = \$104,760.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director